

Office of
Mortgage Settlement
Oversight

Monitor's Update on Ocwen's Compliance

A Report from the Monitor of the National Mortgage Settlement



September 8, 2016

Introduction

The following pages provide an overview of my report to the United States District Court for the District of Columbia on Ocwen's compliance with the servicing standards. Close followers of the National Mortgage Settlement (NMS or Settlement) will recall that Ocwen was a successor servicer to one of the original servicers in the Settlement, ResCap Parties. As a result of that transaction, I monitored Ocwen's compliance with the Settlement for that portion of its loan portfolio. Subsequently, in February 2014, Ocwen joined the Settlement for its entire operation. This report is my third report on Ocwen with respect to all the loans it services and covers testing periods for the third and fourth calendar quarters 2015.

Though Ocwen passed all my tests during the third quarter 2015, it did fail two tests for the fourth quarter 2015, each of which is related to force-placed insurance. Further discussion of these fails and Ocwen's actions to correct them are below.

As stated in my previous reports, I required Ocwen to place a hold on foreclosure sales on 17,300 loans because of significant errors in loan modification denial notices sent to borrowers. This hold was related to part of Ocwen's remediation efforts after it failed Metric 31. These errors included, among other things, failure to provide the factual information considered by Ocwen in making its decision and the timeframe for borrowers to appeal the denial and provide evidence that the denial was made in error. After Ocwen mailed corrected loan modification denial notices to affected borrowers in May 2016 and provided a sufficient timeframe for borrowers to appeal their denials, I permitted Ocwen to lift the foreclosure hold in July 2016. Ocwen continues to address and implement other remediation efforts related to its Metric 31 failure. In August 2016, I confirmed Ocwen had completed its Metric 31 corrective action plan (CAP) as of March 2016. I will continue to closely monitor Ocwen's implementation of its Metric 31 remediation plan and its overall compliance with the Settlement.

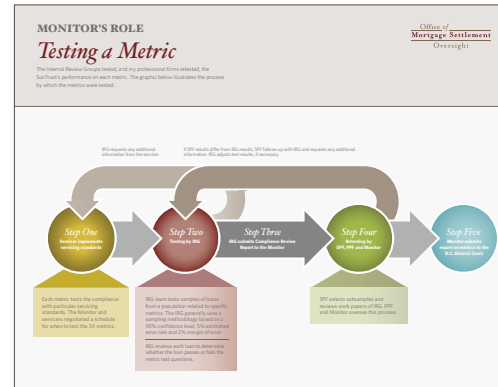
Sincerely,



Joseph A. Smith, Jr.

Monitoring the Settlement

As previously reported, testing has uncovered issues with Ocwen's Internal Review Group (IRG). Due to these issues, I directed the professionals working with me to conduct additional testing. Specifically, this included enhanced scrutiny of testing protocols for Metrics 2, 28 and 29. These metrics test the accuracy of Ocwen's denial of a loan modification request, the timeliness of force-placed insurance notices sent to borrowers and the timeliness of Ocwen's force-placed insurance policy termination and refund of premiums, respectively. I required increased scrutiny on these metrics to ensure that both the servicer and its vendors are in compliance with the servicing standards.



See **Appendix i** for larger version



See **Appendix ii** for larger version

Introduction

Compliance Testing Results

Update on Corrective Actions

Conclusion

Compliance Testing Results

During the third quarter 2015, Ocwen did not fail any metrics. However, my testing during the final quarter 2015 uncovered two failed metrics related to force-placed insurance.

Introduction

Compliance
Testing Results

Update on
Corrective Actions

Conclusion

SCORECARD

Ocwen

Office of

Mortgage Settlement

Oversight

The Monitor's Secondary Professional Firm (SPF) assigned to Ocwen, Baker Tilly Virchow Krause, LLP, tested the IRG's work on 27 metrics during the third quarter 2015 and 28 metrics during the fourth quarter 2015. This chart illustrates the results of the IRG's tests.

METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)	METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)
Foreclosure sale in error	1 (1.A)	Q3 2015	1.00%	Pass	Complaint response timeliness	18 (6.A)	Q3 2015	5.00%	Pass
		Q4 2015	1.00%	Pass			Q4 2015	5.00%	Pass
Incorrect modification denial	2 (1.B)	Q3 2015	5.00%	Pass	Loan modification document collection timeline compliance	19 (6.B.i)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Affidavit of Indebtedness (AOI) preparation	3 (2.A)	Q3 2015	5.00%	Pass	Loan modification decision/notification timeline compliance	20 (6.B.ii)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Proof of Claim (POC)	4 (2.B)	Q3 2015	5.00%	Pass	Loan modification appeal timeline compliance	21 (6.B.iii)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Motion for Relief from Stay (MRS) affidavits	5 (2.C)	Q3 2015	5.00%	Pass	Short Sale decision timeline compliance	22 (6.B.iv)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Pre-foreclosure initiation	6 (3.A)	Q3 2015	5.00%	Pass	Short Sale document collection timeline compliance	23 (6.B.v)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Pre-foreclosure initiation notifications	7 (3.B)	Q3 2015	5.00%	Under CAP	Charge of application fees for loss mitigation	24 (6.B.vi)	Q3 2015	1.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	1.00%	Pass
Fee adherence to guidance	8 (4.A)	Q3 2015	5.00%	Under CAP	Short Sale inclusion notice for deficiency	25 (6.B.vii.a)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Under CAP			Q4 2015	5.00%	Pass
Adherence to customer payment processing	9 (4.B)	Q3 2015	5.00%	Pass	Dual track referred to foreclosure	26 (6.B.vii.a)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Reconciliation of certain waived fees	10 (4.C)	Q3 2015	5.00%	Pass	Dual track failure to postpone foreclosure	27 (6.B.viii.b)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Late fees adherence to guidance	11 (4.D)	Q3 2015	5.00%	Pass	Force-placed insurance timeliness of notices	28 (6.C.i)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Fail - 24.16%
Third-party vendor management	12 (5.A)	Q3 2015	N/A	Pass	Force-placed insurance termination	29 (6.C.ii)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	Pass			Q4 2015	5.00%	Fail - 5.14%
Customer portal	13 (5.B)	Q3 2015	N/A	Pass	Loan modification process	30 (7.A)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	Pass			Q4 2015	5.00%	Pass
Single Point of Contact (SPOC)*	14 (5.C)	Q3 2015	5.00%	Pass	Loan modification denial notice disclosure	31 (7.B)	Q3 2015	5.00%	Under CAP
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Under CAP
Workforce management	15 (5.D) **	Q3 2015	N/A	X	SPOC implementation and effectiveness**	32 (7.C)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	X			Q4 2015	5.00%	Pass
Affidavit of Indebtedness (AOI) integrity	16 (5.E) **	Q3 2015	N/A	X	Billing statement accuracy	33 (7.D)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	X			Q4 2015	5.00%	Pass
Account status activity	17 (5.F) **	Q3 2015	N/A	X	Transfer of Servicing Rights	34 (6.D.i)	Q3 2015	3.50%	X*
		Q4 2015	N/A	X			Q4 2015	3.50%	X*

*Test question 4 only.

**Policy and procedure metric that is tested once a year.

***Test Question 1 only.

N/A: Threshold error rate not applicable.

X: Metric was not tested in that specific test period.

Under CAP: Metric was not tested in that specific test period since it was under a CAP.

X*: This Metric was not tested in that specific period because servicer did not have any loans that met the loan testing population criteria.

See **Appendix iii** for larger version

Compliance Testing Results

Metric 28

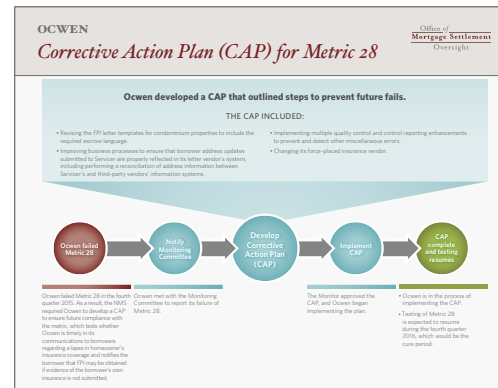
Metric 28 tests whether Ocwen is timely in its communications to borrowers regarding a lapse in homeowner's insurance coverage and notifies the borrower that force-placed insurance may be obtained if evidence of the borrower's own insurance is not submitted.

Errors occur on this metric if all notification letters are not sent in a timely manner, or do not contain all the necessary information, or if Ocwen places force-placed insurance when there was evidence of a valid insurance policy already in place.

Ocwen's IRG and my professionals determined that Ocwen exceeded the Metric 28 threshold error rate and failed the metric for the fourth quarter 2015.

In its CAP, Ocwen identified several root causes that contributed to the fail. Most were attributable to the implementation of a new process for handling notifications in connection with condominium loans.

In these instances, some letters omitted required language offering to establish an escrow account for insurance payments. In a smaller number of instances, human errors and technology issues led to non-compliance, including letters not sent within timeline requirements, letters not sent to the correct borrower address and force-placed insurance policies issued despite the borrower having submitted evidence of valid insurance. I approved Ocwen's CAP in June 2016. That plan is summarized below.



See **Appendix iv** for larger version

Introduction

Compliance Testing Results

Update on Corrective Actions

Conclusion

Compliance Testing Results

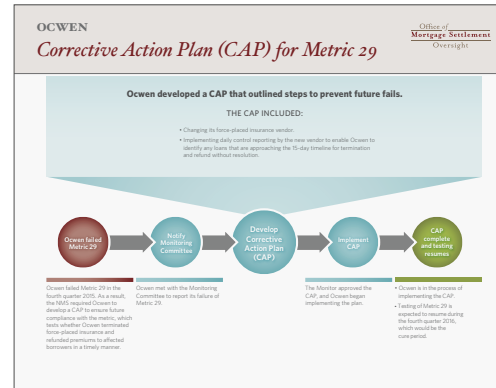
Metric 29

Metric 29 tests whether Ocwen terminated force-placed insurance and refunded premiums to affected borrowers in a timely manner.

An error under Metric 29 occurs when force-placed insurance is not terminated and any prorated portions of premiums are not refunded within 15 days of a servicer's receipt of the borrower's proof of insurance.

Ocwen's IRG and my professionals determined that Ocwen exceeded the Metric 29 threshold error rate and failed the metric for the fourth quarter 2015.

In its CAP, Ocwen identified the root cause of the fail as miscellaneous manual errors by Ocwen's force-placed insurance vendor. I approved Ocwen's CAP in August 2016. That plan is summarized below.



See **Appendix v** for larger version

Introduction

**Compliance
Testing Results**

Update on
Corrective Actions

Conclusion

Update on Corrective Actions

Ocwen has implemented the CAPs to correct five previously reported Metric fails. After I uncovered these fails, I worked with Ocwen and the Monitoring Committee to establish and review the servicer's CAPs. Below is an overview of Ocwen's progress.

Metric 7

Ocwen failed Metric 7 in the third quarter 2014. This metric determines whether Ocwen sends pre-foreclosure notification letters in a timely manner and with accurate and complete information.

Ocwen completed its CAP as of July 2015. In November 2015, I determined that Ocwen had completed the remediation for Metric 7. The IRG's testing resumed as of the fourth quarter 2015, and my professionals and I have determined that the Metric 7 fail is cured. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future testing results.

Metric 8

Ocwen failed Metric 8 in the fourth quarter 2014. This metric tests whether Ocwen properly collected default-related fees from borrowers. Those fees include property preservation fees, valuation fees and attorneys' fees.

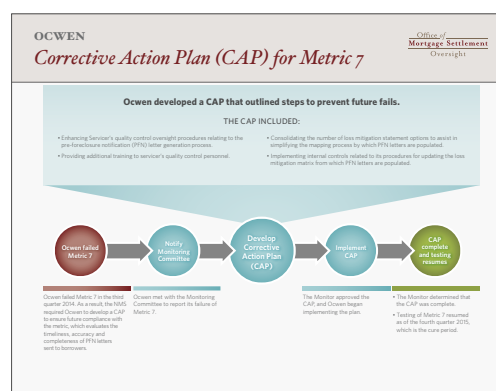
Ocwen completed its CAP as of February 2016. In March 2016, I determined that Ocwen had completed the remediation for Metric 8. The IRG's testing resumed as of the second quarter 2016. My professionals and I will review the IRG's testing and will report whether the Metric 8 fail has been cured in a future report. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future results.

Introduction

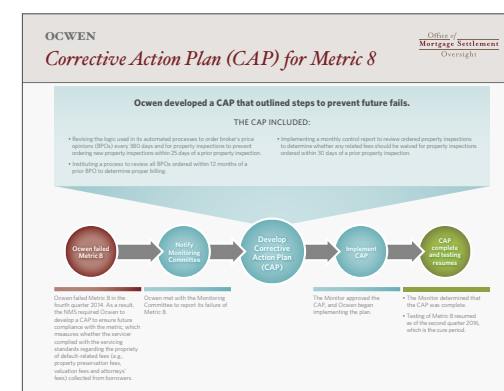
Compliance
Testing Results

**Update on
Corrective Actions**

Conclusion



See **Appendix vi** for larger version



See **Appendix vii** for larger version

Update on Corrective Actions

Metric 19

Ocwen failed Metric 19 in the first quarter 2014. This metric determines whether Ocwen sends a timely response to borrowers regarding missing or incomplete information or documents in loan modification packets.

Ocwen completed its CAP as of June 2015. The IRG's testing resumed in the third quarter 2015, and my professionals and I have determined that the Metric 19 fail is cured. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future results.

Remediation

Ocwen elected to treat the Metric 19 failure as if it was widespread. In April 2016, Ocwen reported that it had remediated all borrowers who could have been impacted from December 1, 2013, to March 31, 2015, by providing them with a correct notification of missing documents and additional time to provide the missing information. My professionals and I are now testing to determine if the remediation is complete.



See **Appendix viii** for larger version

Introduction

Compliance
Testing Results

**Update on
Corrective Actions**

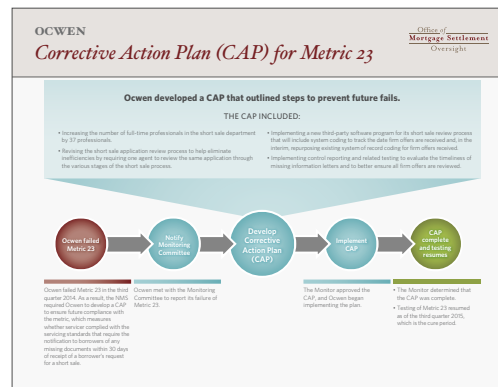
Conclusion

Update on Corrective Actions

Metric 23

Ocwen failed Metric 23 in the third quarter 2014. Metric 23 tests whether Ocwen provides notification to borrowers of missing documents or information within 30 days of Ocwen's receipt of the borrower's request for a short sale.

Ocwen completed its CAP as of June 2015. In February 2016, I determined that Ocwen's assertion that no material harm had occurred as a result of this failure was accurate, and no remediation was required. The IRG's testing resumed in the third quarter 2015, and my professionals and I have determined that the Metric 23 fail is cured. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future results.



See **Appendix ix** for larger version

Introduction

Compliance
Testing Results

**Update on
Corrective Actions**

Conclusion

Update on Corrective Actions

Metric 31

Ocwen failed Metric 31 in the third quarter 2014. Metric 31 tests whether the servicer sent a loan modification denial notification to a borrower that included the reason for the denial, the factual information considered by the servicer in making its decision and a timeframe by which the borrower can provide evidence that the decision was made in error.

Ocwen completed its CAP as of March 2016. The IRG's testing resumed as of the second quarter 2016. My professionals and I will review the IRG's testing and will report whether the Metric 31 fail has been cured in a future report. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future results.

Remediation

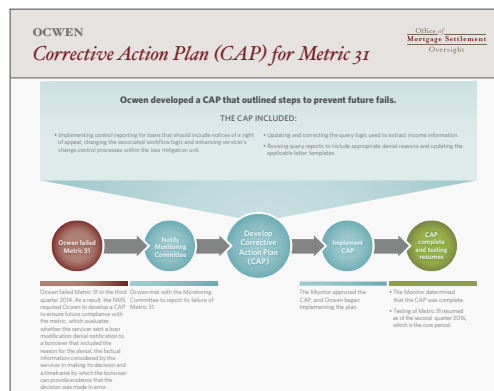
Because the Metric 31 fail was widespread, Ocwen was required to mail corrected loan modification denial notices to 17,300 potentially affected borrowers. I required the company to hold foreclosure sales for all borrowers who could have received an incorrect loan modification denial notice until these borrowers received the correct information and had a chance to appeal. After Ocwen mailed corrected loan modification denial notices in May 2016 and affected borrowers were afforded a chance to appeal, I granted Ocwen permission to lift that hold in July 2016. Ocwen is continuing to implement other aspects of the remediation plan related to this metric. I expect Ocwen to complete the plan soon, and I will report on Ocwen's progress in future reports.

Introduction

Compliance Testing
Results

**Update on
Corrective Actions**

Conclusion

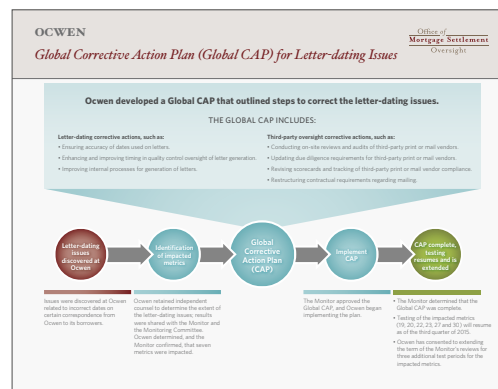


See **Appendix x** for larger version

Update on the Global Letter-dating Corrective Action Plan

As described in more detail in my previous reports, Ocwen and I agreed that seven metrics (12, 19, 20, 22, 23, 27 and 30) would be deemed failures for the third quarter 2014 due to Ocwen's letter-dating issues. Ocwen has addressed the letter-dating issues through a global CAP.¹

In previous testing periods, I reported that Ocwen was in compliance with Metric 12. For Metrics 19, 20, 22, 23, 27 and 30, the IRG's testing resumed as of the third quarter 2015, and my professionals and I have determined that these deemed fails due to the letter-dating issues are cured. My professionals and I will continue testing and report to the Monitoring Committee, the Court and the public on future results.



See **Appendix xi** for larger version

Introduction

Compliance
Testing Results

**Update on
Corrective Actions**

Conclusion

¹More information on the global CAP is available via <https://www.jasmithmonitoring.com/oms/reports/ocwen-compliance-update/>.

Conclusion

Ocwen has made demonstrable progress in its efforts to improve its compliance with the Settlement. However, as evidenced by the two fails reported in the final quarter 2015, there is still work to be done for Ocwen to fully comply.

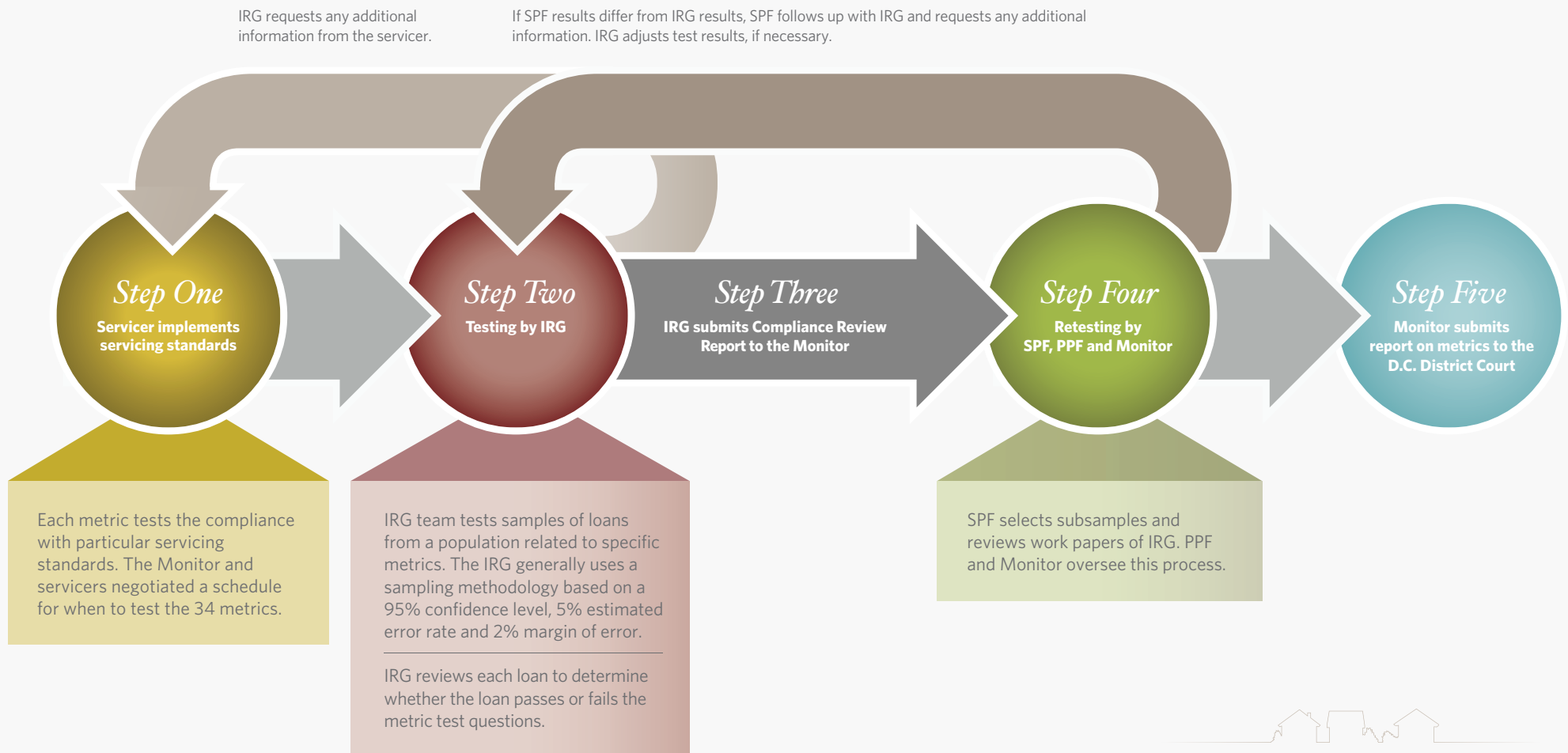
My professionals and I will continue to test Ocwen on all metrics through February 2017. The seven metrics impacted by the letter-dating issues outlined above and in previous reports (Metrics 12, 19, 20, 22, 23, 27 and 30) will undergo extended testing through December 31, 2017.

I look forward to reporting to the Court and to the public as I continue my work to ensure Ocwen treats borrowers fairly as outlined in the National Mortgage Settlement.

Appendix

Testing a Metric

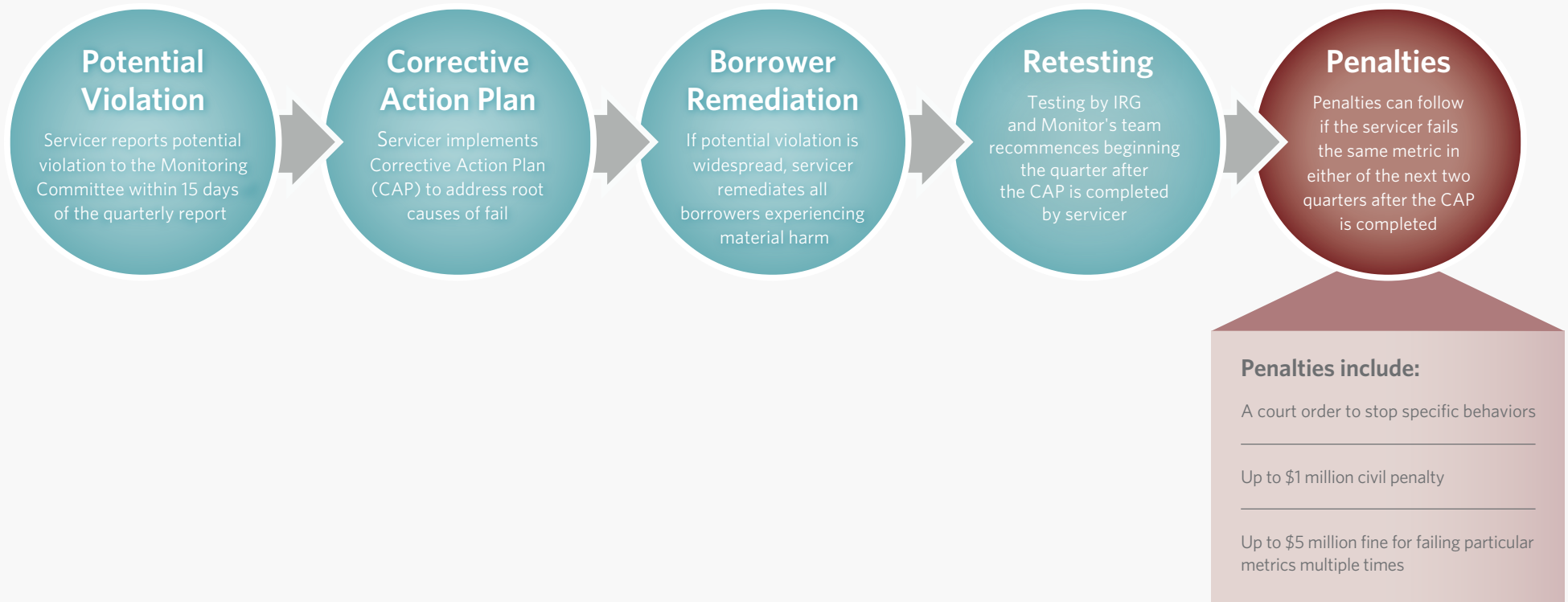
The Internal Review Groups tested, and my professional firms retested, Ocwen's performance on each metric. The graphic below illustrates the process by which the metrics were tested.



FAILS

What's Next?

The NMS defines a failed metric as a potential violation and gives the servicer a chance to fix the root causes of its failure. This graphic shows what happens when a servicer fails a metric.



SCORECARD

Ocwen

Office of Mortgage Settlement Oversight

The Monitor's Secondary Professional Firm (SPF) assigned to Ocwen, Baker Tilly Virchow Krause, LLP, tested the IRG's work on 27 metrics during the third quarter 2015 and 28 metrics during the fourth quarter 2015. This chart illustrates the results of the IRG's tests.

METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)	METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)
Foreclosure sale in error	1 (1.A)	Q3 2015	1.00%	Pass	Complaint response timeliness	18 (6.A)	Q3 2015	5.00%	Pass
		Q4 2015	1.00%	Pass			Q4 2015	5.00%	Pass
Incorrect modification denial	2 (1.B)	Q3 2015	5.00%	Pass	Loan modification document collection timeline compliance	19 (6.B.i)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Affidavit of Indebtedness (AOI) preparation	3 (2.A)	Q3 2015	5.00%	Pass	Loan modification decision/ notification timeline compliance	20 (6.B.ii)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Proof of Claim (POC)	4 (2.B)	Q3 2015	5.00%	Pass	Loan modification appeal timeline compliance	21 (6.B.iii)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Motion for Relief from Stay (MRS) affidavits	5 (2.C)	Q3 2015	5.00%	Pass	Short Sale decision timeline compliance	22 (6.B.iv)	Q3 2015	10.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	10.00%	Pass
Pre-foreclosure initiation	6 (3.A)	Q3 2015	5.00%	Pass	Short Sale document collection timeline compliance	23 (6.B.v)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Pre-foreclosure initiation notifications	7 (3.B)	Q3 2015	5.00%	Under CAP	Charge of application fees for loss mitigation	24 (6.B.vi)	Q3 2015	1.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	1.00%	Pass
Fee adherence to guidance	8 (4.A)	Q3 2015	5.00%	Under CAP	Short Sale inclusion notice for deficiency	25 (6.B.vii.a)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Under CAP			Q4 2015	5.00%	Pass
Adherence to customer payment processing	9 (4.B)	Q3 2015	5.00%	Pass	Dual track referred to foreclosure	26 (6.B.viii.a)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Reconciliation of certain waived fees	10 (4.C)	Q3 2015	5.00%	Pass	Dual track failure to postpone foreclosure	27 (6.B.viii.b)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Pass
Late fees adherence to guidance	11 (4.D)	Q3 2015	5.00%	Pass	Force-placed insurance timeliness of notices	28 (6.C.i)	Q3 2015	5.00%	Pass
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Fail - 24.16%
Third-party vendor management	12 (5.A)	Q3 2015	N/A	Pass	Force-placed insurance termination	29 (6.C.ii)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	Pass			Q4 2015	5.00%	Fail - 5.14%
Customer portal	13 (5.B)	Q3 2015	N/A	Pass	Loan modification process	30 (7.A)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	Pass			Q4 2015	5.00%	Pass
Single Point of Contact (SPOC)*	14 (5.C)	Q3 2015	5.00%	Pass	Loan modification denial notice disclosure	31 (7.B)	Q3 2015	5.00%	Under CAP
		Q4 2015	5.00%	Pass			Q4 2015	5.00%	Under CAP
Workforce management	15 (5.D) **	Q3 2015	N/A	X	SPOC implementation and effectiveness***	32 (7.C)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	X			Q4 2015	5.00%	Pass
Affidavit of Indebtedness (AOI) integrity	16 (5.E) **	Q3 2015	N/A	X	Billing statement accuracy	33 (7.D)	Q3 2015	5.00%	Pass
		Q4 2015	N/A	X			Q4 2015	5.00%	Pass
Account status activity	17 (5.F) **	Q3 2015	N/A	X	Transfer of Servicing Rights	34 (6.D.i)	Q3 2015	3.50%	X*
		Q4 2015	N/A	X			Q4 2015	3.50%	X*

* Test question 4 only. ** Policy and procedure metric that is tested once a year. *** Test Question 1 only. **N/A:** Threshold error rate not applicable. **X:** Metric was not tested in that specific test period. **Under CAP:** Metric was not tested in that specific test period since it was under a CAP. **X*:** This Metric was not tested in that specific period because servicer did not have any loans that met the loan testing population criteria.

Corrective Action Plan (CAP) for Metric 28

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Revising the FPI letter templates for condominium properties to include the required escrow language.
- Improving business processes to ensure that borrower address updates submitted to Servicer are properly reflected in its letter vendor's system, including performing a reconciliation of address information between Servicer's and third-party vendors' information systems.
- Implementing multiple quality control and control reporting enhancements to prevent and detect other miscellaneous errors.
- Changing its force-placed insurance vendor.



Ocwen failed Metric 28 in the fourth quarter 2015. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which tests whether Ocwen is timely in its communications to borrowers regarding a lapse in homeowner's insurance coverage and notifies the borrower that FPI may be obtained if evidence of the borrower's own insurance is not submitted.

Ocwen met with the Monitoring Committee to report its failure of Metric 28.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- Ocwen is in the process of implementing the CAP.
- Testing of Metric 28 is expected to resume during the fourth quarter 2016, which would be the cure period.

Corrective Action Plan (CAP) for Metric 29

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Changing its force-placed insurance vendor.
- Implementing daily control reporting by the new vendor to enable Ocwen to identify any loans that are approaching the 15-day timeline for termination and refund without resolution.



Ocwen failed Metric 29 in the fourth quarter 2015. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which tests whether Ocwen terminated force-placed insurance and refunded premiums to affected borrowers in a timely manner.

Ocwen met with the Monitoring Committee to report its failure of Metric 29.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- Ocwen is in the process of implementing the CAP.
- Testing of Metric 29 is expected to resume during the fourth quarter 2016, which would be the cure period.

Corrective Action Plan (CAP) for Metric 7

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Enhancing Servicer's quality control oversight procedures relating to the pre-foreclosure notification (PFN) letter generation process.
- Providing additional training to servicer's quality control personnel.
- Consolidating the number of loss mitigation statement options to assist in simplifying the mapping process by which PFN letters are populated.
- Implementing internal controls related to its procedures for updating the loss mitigation matrix from which PFN letters are populated.



Ocwen failed Metric 7 in the third quarter 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which evaluates the timeliness, accuracy and completeness of PFN letters sent to borrowers.

Ocwen met with the Monitoring Committee to report its failure of Metric 7.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 7 resumed as of the fourth quarter 2015, which is the cure period.

Corrective Action Plan (CAP) for Metric 8

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Revising the logic used in its automated processes to order broker's price opinions (BPOs) every 380 days and for property inspections to prevent ordering new property inspections within 25 days of a prior property inspection.
- Implementing a monthly control report to review ordered property inspections to determine whether any related fees should be waived for property inspections ordered within 30 days of a prior property inspection.
- Instituting a process to review all BPOs ordered within 12 months of a prior BPO to determine proper billing.



Ocwen failed Metric 8 in the fourth quarter 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which measures whether the servicer complied with the servicing standards regarding the propriety of default-related fees (e.g., property preservation fees, valuation fees and attorneys' fees) collected from borrowers.

Ocwen met with the Monitoring Committee to report its failure of Metric 8.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 8 resumed as of the second quarter 2016, which is the cure period.

Corrective Action Plan (CAP) for Metric 19

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Eliminating the use of the “hold queue” for loans that had property valuations on order, which was the cause of the technology issues that had created the workflow queue problems.
- Making significant increases in staffing, including hiring approximately 175 new full-time employees between January 2014 and November 2014.
- Implementing daily control reporting to monitor the processing of loan modification applications and to notify management of any missing information letters not sent within three days of receipt of the initial loan modification application.
- Appointing a new, experienced manager to oversee these process improvements.



Ocwen failed Metric 19 in the first quarter 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which measures whether the servicer complied with servicing standards regarding timeliness for responding to borrowers about missing or incomplete information relating to loan modification packages.

Ocwen met with the Monitoring Committee to report its failure of Metric 19.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 19 resumed as of the third quarter 2015, which is the cure period.

Corrective Action Plan (CAP) for Metric 23

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Increasing the number of full-time professionals in the short sale department by 37 professionals.
- Revising the short sale application review process to help eliminate inefficiencies by requiring one agent to review the same application through the various stages of the short sale process.
- Implementing a new third-party software program for its short sale review process that will include system coding to track the date firm offers are received and, in the interim, repurposing existing system of record coding for firm offers received.
- Implementing control reporting and related testing to evaluate the timeliness of missing information letters and to better ensure all firm offers are reviewed.



Ocwen failed Metric 23 in the third quarter 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which measures whether servicer complied with the servicing standards that require the notification to borrowers of any missing documents within 30 days of receipt of a borrower's request for a short sale.

Ocwen met with the Monitoring Committee to report its failure of Metric 23.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 23 resumed as of the third quarter 2015, which is the cure period.

Corrective Action Plan (CAP) for Metric 31

Ocwen developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Implementing control reporting for loans that should include notices of a right of appeal, changing the associated workflow logic and enhancing servicer's change control processes within the loss mitigation unit.
- Updating and correcting the query logic used to extract income information.
- Revising query reports to include appropriate denial reasons and updating the applicable letter templates.



Ocwen failed Metric 31 in the third quarter 2014. As a result, the NMS required Ocwen to develop a CAP to ensure future compliance with the metric, which evaluates whether the servicer sent a loan modification denial notification to a borrower that included the reason for the denial, the factual information considered by the servicer in making its decision and a timeframe by which the borrower can provide evidence that the decision was made in error.

Ocwen met with the Monitoring Committee to report its failure of Metric 31.

The Monitor approved the CAP, and Ocwen began implementing the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 31 resumed as of the second quarter 2016, which is the cure period.

Global Corrective Action Plan (Global CAP) for Letter-dating Issues

Ocwen developed a Global CAP that outlined steps to correct the letter-dating issues.

THE GLOBAL CAP INCLUDES:

Letter-dating corrective actions, such as:

- Ensuring accuracy of dates used on letters.
- Enhancing and improving timing in quality control oversight of letter generation.
- Improving internal processes for generation of letters.

Third-party oversight corrective actions, such as:

- Conducting on-site reviews and audits of third-party print or mail vendors.
- Updating due diligence requirements for third-party print or mail vendors.
- Revising scorecards and tracking of third-party print or mail vendor compliance.
- Restructuring contractual requirements regarding mailing.



Issues were discovered at Ocwen related to incorrect dates on certain correspondence from Ocwen to its borrowers.

Ocwen retained independent counsel to determine the extent of the letter-dating issues; results were shared with the Monitor and the Monitoring Committee. Ocwen determined, and the Monitor confirmed, that seven metrics were impacted.

The Monitor approved the Global CAP, and Ocwen began implementing the plan.

- The Monitor determined that the Global CAP was complete.
- Testing of the impacted metrics (19, 20, 22, 23, 27 and 30) will resume as of the third quarter of 2015.
- Ocwen has consented to extending the term of the Monitor's reviews for three additional test periods for the impacted metrics.